BEFORE

THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKET NO. 95-1243-S

JULY 22, 1996

IN RE:	Application of Shoals Sewer Company for Approval of an Increase in its Sewer Rates and Late Charge Fee	PRE-FILING TESTIMONY OF APPLICANT

TESTIMONY OF APPLICANT:

The Shoals Sewer Company provides residential sewer service to 95 customers in Anchor Point Condominiums (36 units) and The Shoals subdivision (59 units). Since the initial rate of $18.00/mo/unit was approved by the P.S.C. on October, 1989, there have been no request for rate increases.

There have been many additional cost increases since 1989 due to inflation and new and more demanding DHEC regulations, for example: (1.) The plant operator was paid $300/mo., including lab and chemicals. Now it is $740/mo. (a 247% increase), $525 for the operator, $150 for the lab, and $65 for chemicals. (2.) Electricity cost was $200/mo. average. Now it is $350/mo. (175% increase). (3.) Sludge removal was $75/load. Now it is $250/load. (a 333% increase).

Refering to Exhibit "5"- The 1995 Balance Sheet using the new rate shows that the total cost of $50,240 for 95 customers is actually $44.07/mo/unit. And this is with no profit. The test year information is now nearly a year old, so the present cost would be $46.00/mo., or $48.76 with a 6% profit margin.

With the proposed rate of $25.00/mo/unit as shown on Exhibit "5", the operating margin will be a $20,690 loss, but will allow the company to have enough cash flow to pay its operational cost each month. This still leaves no provision for its debt service, neither principal nor interest.

In conclusion, it is clearly obvious that the rate of $25.00/mo./unit is in no way excessive, an average 5% /yr. increase since 1989, but is absolutely required if this sewer company is to continue to operate. The only reason I have not requested the logical rate of $48.76 is that I feel that the impact would be too great for some customers. Therefore this compromise.

The Applicant is also requesting a late notice fee of $5.00. This will not pay for the expense of sending the certified notices, but with the existing $0.27 late charge, the additional $5.00 may create more incentive for the customer to pay on time.

This concludes my testimony and I submit to the commission for its decision.

APPLICANT: Shoals Sewer Company

D.F. Allen, President

RETURN DATE:

SERVICE: OK (a)

EXHIBIT 3

SHOALS SEWER Co - 1995 BALANCE SHEET (EXPENSES) USING PROJECTED INCOME w/ NEW RATES

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Permit fee / DHEC		300											300
Inspection / chgs	375	450	450	450	450	450	450	450	450	450	450	450	5325
Supt / maintenance	147	177	147	147	147	147	147	147	147	147	147	147	1862
Chemicals				240	104			250					594
Electricity	328	255	263	328	348	352	360	342	371	365	374		3234
Water	8	8	8	8	8	11	8	8	8	8	8	8	99
Repair / Sewer	480												480
S.C. Taxes													0
Office Supplies	24	20		20		20		20			20		144
Postage					5				5			5	100
Bank Chgs	6	8											29
Office Rent @ 100 mo			500				1000			500	200	200	1200
Administration @ 200 yr			1000						100		200		2400
Depreciation				200									200
Sludge Removal	1500		350										1870
Support Expense		119	100		938		16		179		275	417	2054
Permit / maint	25	75						25					75
Misc. @ auto/prog etc					<1000>				<800>				50
Payroll / Plant (93,000)	1696	1232	1761	1290	1816	1816	1877	1908	1944	1859	1991	2022	22320
Repairs / line (12,000)													6,617
Total Cost @	4407		new / customer										28,840
													50,240
Income / New	2375	2375	2375	2375	2375	2375	2375	2375	2375	2375	2375	28,550	28,550
/ Other						78,500						78,500	1,000
Total Income	2375	2775	2325	2375	2325	2375	2375	2325	2375	2375	2375	2925	29,550
Operating Margin				= <70 %>									<20,690>
Long term Start of Qtr	107,250	104,326	106,058	107,819	109,609	114,225	113,021	114,948	114,852	117,226	119,955	121,946	
" / Change	480			1,000	1,000								
End Bal "	106,630	114,326	106,058	107,819	110,609	114,225	113,021	114,948	114,852	117,226	119,955	121,946	
" w/ int @ 14%	107,326	108,058	107,819	109,609	111,225	113,021	114,948	116,852	119,996	119,955	121,946	123,720	